



POSTAL SERVICE

Change in Rates and Classes of General Applicability for Competitive Products

AGENCY: Postal Service™.

ACTION: Notice of a change in rates and classifications of general applicability for competitive products.

SUMMARY: This notice sets forth changes in rates and classifications of general applicability for competitive products.

DATES: *Effective date:* January 22, 2023.

FOR FURTHER INFORMATION CONTACT: Elizabeth Reed, 202-268-3179.

SUPPLEMENTARY INFORMATION: On November 9, 2022, pursuant to their authority under 39 U.S.C. 3632, the Governors of the Postal Service established prices and classification changes for competitive products. The Governors' Decision and the record of proceedings in connection with such decision are reprinted below in accordance with section 3632(b)(2). Mail Classification Schedule language containing the new prices and classification changes can be found at www.prc.gov.

Ruth Stevenson,

Chief Counsel, Ethics and Legal Compliance.

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON CHANGES
IN RATES AND CLASSIFICATIONS OF GENERAL APPLICABILITY FOR COMPETITIVE
PRODUCTS (GOVERNORS' DECISION NO. 22-6)**

November 9, 2022

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish prices and classifications of general applicability for the Postal Service's competitive products. The changes are described generally below, with a detailed description of the changes in the Postal Service's associated draft Mail Classification Schedule change document. That document contains the draft Mail Classification Schedule sections with classification changes in legislative format, and new prices displayed in the price charts.

As shown in the nonpublic annex being filed under seal herewith, the changes we establish should enable each competitive product to cover its attributable costs (39 U.S.C. § 3633(a)(2)) and should result in competitive products as a whole complying with 39 U.S.C. § 3633(a)(3), which, as implemented by 39 C.F.R. § 3035.107(c), requires competitive products collectively to contribute a minimum of 10.4 percent to the Postal Service's institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C. § 3633(a)(1)). We therefore find that the new prices and classification changes are in accordance with 39 U.S.C. §§ 3632–3633 and 39 C.F.R. §§ 3035.102 and 104.

I. Domestic Products

A. Priority Mail Express

Overall, the Priority Mail Express price change represents a 6.6 percent increase. The Commercial Base and Commercial Plus price categories, which have had equivalent prices since 2016, will be consolidated into one Priority Mail Express Commercial price category for 2023. Also new for 2023, the zoned prices for the existing “Local, 1, 2” Zone will be differentiated. The Local zone will be eliminated, and separate prices will be established for Zone 1 and Zone 2. No other structural changes are proposed. Dimensional weighting, which was introduced for all zones in 2019, will continue in 2023.

Retail prices will increase an average of 6.7 percent. The price for the Retail Flat Rate Envelope, a significant portion of all Priority Mail Express volume, will increase to \$28.75, with the Legal Size and Padded Flat Rate Envelopes priced at \$28.95 and \$29.45, respectively.

The newly consolidated Commercial price category will increase 6.0 percent on average. Commercial prices will, on average, reflect a 12.5 percent discount off of Retail prices. Nonstandard Fees (NSFs) are changing for our full network products for 2023. Priority Mail Express will see an increase in NSFs, while ground products will see a price decrease in NSFs.

B. Priority Mail

On average, the Priority Mail prices will be increased by 5.5 percent. Similar to Priority Mail Express, the Commercial Base and Commercial Plus price categories, which have had equivalent prices since 2019, will be consolidated into one Priority Mail Commercial price category for 2023. Dimensional weighting, which was extended to all zones in 2019, will continue in 2023. New for 2023, the Priority Mail Regional Rate Boxes will be eliminated because of low usage and to avoid product redundancies. Also new for 2023, the zoned prices for the existing “Local, 1, 2” Zone will be differentiated. The Local zone will be eliminated, and separate prices will be established for Zone 1 and Zone 2. No other structural changes are proposed.

Retail prices will increase by an average of 6.8 percent. Retail Flat Rate Box prices will be: Small, \$10.20; Medium, \$17.10; Large, \$22.80 and Large APO/FPO/DPO, \$21.20.

Thus, the Large APO/FPO/DPO Flat Rate Box will be \$1.60 less than the Large Flat Rate Box. The regular Flat Rate Envelope will be priced at \$9.65, with the Legal Size and Padded Flat Rate Envelopes priced at \$9.95 and \$10.40, respectively.

The newly consolidated Commercial price category will increase by 3.6 percent on average. Commercial prices will, on average, reflect a 20.1 percent discount off of Retail prices. Nonstandard Fees (NSFs) are changing for our full network products for 2023. Priority Mail will see an increase in NSFs, while ground products will see a price decrease in NSFs.

C. Parcel Select

On average, Parcel Select prices as a whole will increase 5.1 percent. Prices for destination-entered non-Lightweight Parcel Select, the Postal Service's bulk ground shipping product, will increase 5.1 percent on average. For destination delivery unit (DDU) entered parcels, the average price increase is 5.6 percent. For destination sectional center facility (DSCF) destination entered parcels, the average price increase is 4.7 percent. For destination network distribution center (DNDC) parcels, the average price increase is 5.0 percent. Prices for Parcel Select Lightweight will increase by 6.1 percent on average. Prices for USPS Connect Local, introduced in 2022, will remain unchanged for 2023. Finally, Parcel Select Ground, which is slated to be eliminated later in 2023, will see very minor price adjustments in certain cells, with a zero percent average change. Dimensional weighting, which was introduced for all zones in 2019, will continue in 2023.

New for 2023, the zoned prices for the existing "Local, 1, 2" Zone will be differentiated. The Local zone will be eliminated, and separate prices will be established for Zone 1 and Zone 2. No other structural changes are proposed. Nonstandard Fees (NSFs) are changing for our full network products for 2023. Ground products will see a price decrease in NSFs.

D. First-Class Package Service

First-Class Package Service (FCPS) is currently positioned as a lightweight (less than one pound) offering primarily used by businesses for fulfillment purposes. Later in 2023, the Postal Service plans to enhance and expand the FCPS product up to seventy pounds, but for January 2023, FCPS will remain only a lightweight offering. Overall, FCPS prices will increase 7.8 percent on average, with a 6.9 percent increase for FCPS-Retail and a 8.0

percent increase for FCPS-Commercial. New for 2023, the zoned prices for the existing "Local, 1, 2" Zone will be differentiated. The Local zone will be eliminated, and separate prices will be established for Zone 1 and Zone 2. No other structural changes are proposed. Nonstandard Fees (NSFs) are changing for our full network products for 2023. Ground products will see a price decrease in NSFs.

F. USPS Retail Ground

USPS Retail Ground, which is also slated for removal later in 2023 as part of the Postal Service's expansion of FCPS and product simplification efforts, will remain on the competitive product list in January 2023. USPS Retail Ground prices will increase 6.4 percent overall on average. New for 2023, the zoned prices for the existing "Local, 1, 2" Zone will be differentiated. The Local zone will be eliminated, and separate prices will be established for Zone 1 and Zone 2. No other structural changes are proposed. Nonstandard Fees (NSFs) are changing for our full network products for 2023. Ground products will see a price decrease in NSFs.

G. Domestic Extra Services

Premium Forwarding Service (PFS) prices will increase 6.5 percent on average in 2023. The retail counter enrollment fee will increase to \$25.45. The online enrollment option, introduced in 2014, will increase to \$23.40. The weekly reshipment fee will increase to \$25.45. PFS Local, which was introduced in 2019 for P.O. Box customers, will have an increased reshipment fee of \$25.45. Prices for Adult Signature service will increase to \$9.05 for the basic service and \$9.35 for the person-specific service. Address Enhancement Service prices will remain the same for 2023. Competitive Post Office Box prices will be increasing 6.5 percent on average, within the existing price ranges. Package Intercept Service will increase to \$17.00. The Pickup On Demand fee will increase to \$26.50 for 2023. Premium Data Retention and Retrieval Service (USPS Tracking Plus), which was introduced in 2020, will not see a price change in 2023. New for 2023, the Postal Service is introducing a new Label Delivery Service under the Competitive Ancillary Services product, whereby residential and business customers can request return label delivery for a \$1.25 fee for certain products.

II. International Products

A. Expedited Services

International expedited services include Global Express Guaranteed (GXG) and Priority Mail Express International (PMEI). Overall, GXG prices will rise by 4.9 percent, and PMEI will be subject to an overall 6.0 percent increase. Commercial Plus prices will be equivalent to Commercial Base.

B. Priority Mail International

The overall increase for Priority Mail International (PMI) will be 6.0 percent. Commercial Plus prices will be equivalent to Commercial Base. For Priority Mail Express International, weight-rated items tendered at retail counters will no longer be offered at prices equivalent to Priority Mail International for certain destinations and weight steps subject to certain requirements and conditions. The zoned prices based on origin ZIP Code for Priority Mail International destined to Canada will be collapsed into a single country group for Priority Mail International to Canada, and the related fee for the International Service Center (ISC) zone chart for Priority Mail International pieces destined to Canada will be eliminated.

C. International Priority Airmail and International Surface Air Lift

Published prices for International Priority Airmail (IPA) and International Surface Air Lift (ISAL) will increase by 3.5 percent and 12.0 percent, respectively.

D. Airmail M-Bags

The published prices for Airmail M-Bags will increase by 6.4 percent.

E. First-Class Package International Service™

The overall increase for First-Class Package International Service (FCPIS) prices will be 6.5 percent. Commercial Plus prices will be equivalent to Commercial Base.

F. International Ancillary Services and Special Services

Prices for several international ancillary services will be increased, with an overall increase of 12.2 percent.

ORDER

The changes in prices and classes set forth herein shall be effective at 12:01 A.M. on January 22, 2023. We direct the Secretary to have this decision published in the *Federal Register* in accordance with 39 U.S.C. § 3632(b)(2) and direct management to file with the Postal Regulatory Commission appropriate notice of these changes.

By The Governors:

/s/

Roman Martinez IV
Chairman, Board of Governors

**UNITED STATES POSTAL SERVICE
OFFICE OF THE BOARD OF GOVERNORS**

**CERTIFICATION OF GOVERNORS' VOTE ON
GOVERNORS' DECISION NO. 22-6**

Consistent with 39 USC 3632(a), I hereby certify that, on November 9, 2022, the Governors voted on adopting Governors' Decision No. 22-6, and that a majority of the Governors then holding office voted in favor of that Decision.

/s/

Date: November 9, 2022

Michael J. Elston
Secretary of the Board of Governors

[FR Doc. 2022-25179 Filed: 11/17/2022 8:45 am; Publication Date: 11/18/2022]